

from the carriage of mail totalled \$8,297,605, a decrease of 1%, in spite of an 11% rise in volume. Mail revenue represented less than 11% of aggregate revenues, the lowest proportion in the Company's history.

Due in large measure to service improvements and in particular to the increased aircraft mileage flown and the expenses associated with the introduction of new aircraft, operating expenses rose by 13.3%. Other factors were the rising prices of labour and of many of the materials and supplies required for the operation of an airline. The Company's payroll totalled \$34,509,686 for 1955 and this represented 45% of operating expenses.

By taking advantage of the greater traffic volume, by introducing more efficient aircraft, and by improving staff performance, it was, however, possible to reduce unit costs per available ton mile.

Indicative of the airline's growth and the long-range equipment program, capital expenditures in 1955 totalled \$15,200,000 and commitments for the acquisition of aircraft during the next two years approximated \$15,500,000 at December 31st. This obligation for the future is partially offset by progress payments of \$4,000,000. Included in the Property and Equipment expenditures for the year was an amount of \$10,200,000 as the balance of payment on thirteen Viscounts, including spares, delivered during the year, and \$2,300,000 initial instalment on the purchase of additional flight equipment.

Financing of this fleet expansion required further loans from the Canadian National Railways of \$10,400,000 and at year end these borrowings totalled \$13,500,000.

The airline did not have a tax liability for 1955 due to the inclusion in income of items taxed in prior years.

#### *Operations and Traffic Review*

In almost every phase of its activities the Company showed steady growth as indicated in the following statistical comparisons:

	1955	1954	Per Cent Increase
Total Aircraft Miles Flown	36,246,607	32,327,405	12
Passengers Carried . . . . .	1,682,195	1,438,349	17
Passenger Miles Flown ..	969,392,395	852,475,532	14
Available Seat Miles ....	1,380,919,409	1,179,624,399	17
Mail Ton Miles . . . . .	7,704,144	6,942,299	11
Air Freight Ton Miles ....	9,951,059	8,345,258	19
Air Express Ton Miles ..	2,167,137	1,787,000	21
Revenue Ton Miles Flown	116,706,465	102,305,202	14
Ton Miles Available ....	202,176,930	158,093,399	28

#### *Expansion of Service*

The airline made available 28% more ton miles and 17% more seat miles in 1955 than in the previous year.

Six trans-continental passenger flights were scheduled daily during the months of peak traffic, four first-class and two on a tourist basis. A seventh flight operated between eastern Canada and Alberta cities. The Super Constellations provided an "express" service between Vancouver and the eastern terminals, with an intermediate stop only at Winnipeg; while other flights served a number of cities to ensure a wide availability of trans-continental air transportation. There was also a general increase in frequency of flights on the shorter inter-city routes.

On April 1st, TCA introduced Vickers Viscount aircraft of the turbine-propeller type between Montreal and Winnipeg. On April 4th, they were extended to the United States on the Toronto-New York route and by November